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C O N F I D E N T I A L SECTION 01 OF 04 NICOSIA 000471

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TAGS: [PREL](#) [PGOV](#) [UNFIYCP](#) [TR](#) [CY](#)
SUBJECT: CYPRUS: TURKISH CYPRIOTS GENERALLY UPBEAT IN
MEETINGS WITH DAS BRYZA

REF: A. NICOSIA 402
[1](#)B. NICOSIA 438
[1](#)C. NICOSIA 456
[1](#)D. NICOSIA 457

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Classified By: Ambassador Frank C. Urbancic for reasons 1.4(b) and 1.4(d)

[1](#)1. (C) Summary: Like their Greek Cypriot (G/C) counterparts, Turkish Cypriots voiced optimism regarding the UN-brokered peace process, muted by a cognizance of the magnitude of the task ahead and serious divergences between the sides, in discussions with EUR DAS Matthew Bryza during his June 29-30 visit. Turkish Cypriot (T/C) leader Mehmet Ali Talat reaffirmed his adherence to the "federal" basis of the present process and bluntly stated that "he was not seeking a confederation." He voiced concern that G/C leader Demetris Christofias, not willing to risk his popularity, might shy away from the tough, painful decisions needed to reach a compromise. Talat believed that issues of territory and property would prove the biggest sticking point going forward, not the Turkish military. Talat also said that arbitration would be unavoidable but, unlike the Annan Plan, could be reduced to a minimal level. He also sought the appointment of a US Envoy for Cyprus. T/C lead negotiator Ozdil Nami was ebullient, both about the June 26 deal to open the Limnitis/Yesilirmak crossing point and concerning the recent visit of EU Commission President Jose Manuel Barroso, who, Nami argued, laid down a December 2009 marker as a realistic finish for negotiations. Nami, while supporting the federal framework of the new state, noted that "it is not written anywhere that the average citizen has to feel that he is in a federation." He also gave a tour d'horizon of the negotiating chapters covered. "TRNC Prime Minister" and nationalist National Unity Party Leader Dervish Eroglu voiced support for Talat and the process, but stressed that the T/Cs were not "obligated" to reunite and complained of Greek Cypriot bad faith and intransigence. For his part DAS Bryza applauded the progress achieved to date, urged the need for flexibility and compromise, and said the USG was ready to assist should the sides request help. End Summary.

Talat: "Not seeking a confederation!"

[1](#)2. (C) In response to DAS Bryza's relating of G/C unease, Talat bluntly stated, "We are not seeking a confederation." He noted that he had already agreed with Christofias to a single, indivisible sovereignty, single citizenship, and single international personality, all hall marks of a federation, not a confederation. Thus, even if a majority of the competencies were allocated to the constituent states, by definition the new state would not be confederal for the aforementioned reasons. Talat, however, said that if the G/Cs accepted a 4/3 ratio of representation in federal bodies, then the Turkish Cypriots would concede more competencies, such as health, agriculture and fisheries.

[1](#)3. (C) Regarding the "coming into being" kf T`E *dwc0`pE\$Q Tal`0, Uh+ hAd f)VeL !n In0drTaeF nft(d Tg0hcedQQTo fgPm dhe ,d3 sta0d\$the opposite.

Talat: Christofias wants "backing of all"

[1](#)4. (C) Talat, in response to Bryza's query, said that Christofias was limited in his flexibility because of his penchant to maintain widespread backing, including of his restive, solution-skeptical coalition partners EDEK and DIKO. He added that Christofias indeed wants a solution, but might not be able to "manage it" unless he mustered the courage to take the tough choices that might endanger his "85% popularity." Talat also said that Christofias was unduly influenced by the sensationalist, largely anti-solution G/C

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press.

Talat: Need arbitration for the "final step"

[1](#)5. (C) Talat said that despite convergence in many areas, it would be near impossible to ink a deal without arbitration, which Christofias vehemently opposed. "Without arbitration, we will not be able to take the final step," Talat argued. He said that the G/Cs were fixated on the Annan Plan, where the Greek Cypriots at Burgenstock refused to negotiate, making the role of UN arbitration ("splitting the difference") that much more important. This time, however, the sides were negotiating in good faith; thus, the need for arbitration would be minimal, and only come at the very end. Talat, however, was quick to point out that he did not want EU arbitration, but preferred the US or the UN. To that end, he asked for the appointment of a US Special Envoy in response

to DAS Bryza's question regarding possible US contributions to the process. Bryza said that the USG was considering the appointment of an envoy but had made not a final decision.

¶6. (C) Regarding the timing of a solution, Talat expressed concern that the clock was running out, especially with Turkey's EU Accession report card and the Ankara Protocol Implementation review looming at the end of 2009. In an break from his past line, however, Talat said that if T/C public support could once again be mobilized, then his time line for a solution, which is fMw beT \$n2eLdr/`ePt9 aLd dePr)dgPq, LgT !n Mb3drUc4hkLaQd DuPc)b`ArlyQ

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`eI2 N2Er(n9Edw)d`7. (A! Dircis(Cyp2hoT ,d!D Le#ntIa4nrGXd)l La)h Uas #LeAr(hQQ3`tiS`haD UiOh T`! a@aLhOx Mf d`E 3h`Esd+ `AmidrQl3& Afd lQ7Q. not ask" about the origin of other (G/C) funds as long as they went through UNDP. Nami warned, however, that the Limnitis/Yesilirmak opening should remain a one-off CBM to avoid "straying" from the main negotiations.

8.(C) Nami was equally pleased by public and private message of EU Commission President Jose Manuel Barroso to "finish the talks by the end of 2009" during his June 25 visit to the island (Note: In a June 25 speech before the Cypriot Parliament, Barroso said that 2009 "should be the right moment to achieve a settlement." End Note). Privately, Nami said Barroso told Christofias and Talat at a lunch in the buffer zone, attended also by Nami and G/C negotiator George Iacovou, that the present process "could not be repeated" and that the EU would accommodate "whatever the sides agree on." Barosso also, Nami said, pledged to try to be "equidistant" between the sides despite the RoC's EU membership.

Nami: "Not written you have to feel you are in a federation"

¶9. (C) Nami reaffirmed his strong support for the federal parameters of the present UN-brokered process, but in response to DAS Bryza's question regarding G/C charges of confederal tendencies, he rhetorically quipped, "Where is it written that the average citizen has to feel he is in a federation?" Nami then gave a brief synopsis of the work done to date on five of the six negotiating chapters. His accounting is, in places (EU Affairs and the Economy, for example), far more optimistic than the one Iacovou gave Bryza per Ref C.

--Governance: All resolved but for election of the president (T/Cs want communal voting while G/Cs demand a single ticket) and representation in the lower house (T/Cs want 1/3 of the seats and a requirement to secure 1/4 of Turkish seats to forward legislation to the Senate, while G/Cs will agree to

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only 1/4 of the seats and simple majority to send legislation to the upper house);

--Property: Inability to draft joint paper due to "categorical" G/C position that original owner has right of first refusal, "full stop." (Note: T/Cs want a mixed property regime of exchange, retur., aFD #nepe*baTa-n Tgb% det!b-ifiedQQQ@i a b)cMm)tfAl hfDeDd*DeLd boAr\$ aacmb HfE OnQQ-dpua,l9-aer!ddp2h*capl%\$& E.d Lg4d)QQ -f,EU Qf&Aapb)-(FM `)jMr `2Mbld)s Af` mAb+b AgLf!rgEfcd;Q

)-EAO*nmY%)@hQo nk eAj+b QtlmbLi.g blMc+b,n# tUn `gL!#ieQQ !ccMb hfE 4n U`%d(Erd(d Ag-`%Tenb9 bEl+ngQ 4n T`e `edEr!l mrQ T`E #nfQd)dqEf0 3Tatd;QQQ -f,Per2h4Mry* IfAb)liTq dodpa"d Hg)np; financial cost of plan;

--Security and Guarantees: Cannot discuss guarantees at this stage, but can tackle other issues like federal police, for example. Need to work out format, including determining when the guarantor powers will enter the negotiations (Note: The sides started their discussion of this chapter on July 9. End Note).

Nami: Going Forward

¶10. (C) Going forward, Nami urged the US and other countries to encourage Christofias, much as Barroso did, to try to finish the negotiations by the end of 2009. "More people need to warn the G/Cs about 'natural calendars,'" he added. He also thought that an off-island CYPROB conference, possibly at a prestigious university like Harvard, might provide a non-threatening forum for Greek Cypriots to brainstorm about bridging proposals and discuss "day after" scenarios in terms of financing, for example. Finally, Nami made a plea that an off-shore gas deal, signed between the RoC and Noble Energy, a US-based company, be "put on hold" so as not to damage the negotiations since, he argued, natural resources are a federal competency that the G/Cs should not "usurp" unilaterally.

¶11. (C) For his part, DAS Bryza said that the USG would continue to keep a close eye on the process but, before doing anything, such as appointing an envoy, we would consult with both parties and the UN so as to "do no harm." He noted that every day that passes without a solution hurts the interests of everyone, whether Cyprus (the continued division of island) or Turkey (gumming up its EU Accession Bid). Regarding off-shore hydrocarbon exploration, Bryza said that while he could understand Nami's concern not to damage the process, the USG would protect the interests of any US company and its legal right to conclude private business deals.

Eroglu: Solution Desired, Not Obligatory

¶12. (C) "TRNC PM" and nationalist UBP-leader Dervish Eroglu stated his support for the ongoing negotiation process, "in spite of any rumors to the contrary." Admitting that the sides have reached real achievements, Eroglu nevertheless stressed continued G/C intransigence inspired by a desire to wring concessions out of Turkey in the run-up to its end-2009 EU Accession Progress Report. Eroglu stressed that while Turkey may seek EU membership, it certainly has other options*just like the Turkish Cypriots, who are not obligated to reunite with the Greek Cypriots. Eroglu also

suggested that the US, as a way to pressure the Greek Cypriots revisit UNSCR 550 (1984) calling on all states not to recognize the "TRNC."

¶13. (C) Touching on the economic situation, Eroglu noted that problems exist, primarily due to excessive commitments made by the previous "government," especially regarding spending

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for public sector wages and social transfer payments. According to Eroglu, the "TRNC" is currently running a 470 million TL (USD 305 million) deficit, but this will be reduced by a combination of spending cuts and Turkish aid; following Eroglu,s recent trip to Ankara, a "plan" has been put in place through which Turkey will provide emergency aid and Turkish Cypriot authorities will cut spending.

¶14. (C) Bryza responded that any heavy-handed tactics would backfire; rather, the USG had to impress upon the Greek Cypriots that every day without a solution complicates the ultimate reunification of the island. If the present negotiation process ends, Bryza said, Turkey will not get in to the EU, and this, in turn, would remove Turkey,s greatest incentive for a solution. Conversely, Bryza pointed out that a Cyprus breakthrough could also energize the accession process.

Urbancic